REPORT OF THE INDEMNITIES AND ALLOWANCES COMMISSION

2003 REPORT

104-07770/

HAND DELIVERED

June 23, 2004

Hon. Gregory J. Deighan, M.L.A.
Speaker of the Legislative Assembly
P.O. Box 2000
Charlottetown, P.E.I.
C1A 7N8

Dear Mr. Speaker:

An Act to Amend the Legislative Assembly Act (1994) established an Indemnities and Allowances Commission. The Commission is required to report annually to the Speaker on or before the first day of December. The Commission delivered its interim report for December 2003 to you on November 26, 2003; that report, for various reasons, recommended and determined, pending further review and determination, that the remuneration and benefits as stated in its December 2002 report be maintained for the time being

According to the Legislation, the Commission is to "review and determine" the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip, Opposition Whip and the Leader of the Third Party.

The Commission has now completed its review of the remuneration and benefits as defined in Section 46 of the Legislative Assembly Act.

As Chairman, I am pleased to transmit to you with this letter the final 2003 Report which includes the Commission's decisions and the rationale for these decisions.

Respectfully Submitted,

Keith M. Boswell

Chairman

Albert M. Ferris

Commissioner

Michael S. Schurman

Commissioner

INTRODUCTION

A 1994 amendment to the Legislative Assembly Act established the Indemnities and Allowances Commission (the "Commission"). This Commission, as mandated by Section 46(1), is to "review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly ["Members"], Ministers, the Speaker, Deputy Speaker, the Leader of the Opposition, Government House Leader, Opposition House Leader, Leader of a Third Party, Government Whip and Opposition Whip".

Remuneration and benefits are defined by the legislation to include "salaries, indemnities, allowances and pension benefits."

As required by Section 46(6), the Commission meets "annually and at such other times as the Speaker may request, ... [to] carry out a review of remuneration and allowances ... and ... on or before the first day of December of each year deliver[s] a report to the Speaker which shall be final and binding."

The Commission's last annual report to the Speaker contained a 3.25% increase in Members' indemnities and allowances for 2002. In 2001, Members received a 3.25% increase in their indemnities and allowances. The increase in 2000 was 2.50%.

In preparation for the current report to the Speaker, the Commission placed advertisements in local newspapers last December and January inviting the general public to present its views on the remuneration and benefits of the members. The Commission received more than two dozen responses from the general public stating various and divergent views on the Members' remuneration and benefits. These responses ranged from suggesting the abolition of the Commission itself, reducing Members' salaries by reason of current provincial finances, and increasing the Members' remuneration and benefits in order to attract the best and the brightest to serve the public. The Commission appreciates such public input and has considered such views in its deliberations.

DEFINITIONS

In the sections that follow, "indemnities" refers to payments made to all Members of the Legislative Assembly to carry out their basic responsibilities as MLAs. These payments are taxable.

"Salaries" refers to payments that are made to Members of Executive Council, the Speaker, Deputy Speaker, Leader of the Opposition, Leader of a Third Party, and those other Members who hold special positions in the Legislative Assembly, or sit on Executive Council Committees. These payments are in addition to payments received by Members in the form of indemnities and are also taxable.

"Allowance" refers to additional monies paid to Members, such as an annual MLA expense allowance and a mileage allowance. These payments are non-taxable.

MEMBERS INDEMNITIES AND ALLOWANCES

Attached as Appendix 1 is a summary of the indemnities and allowances paid to current Members of the Legislative Assembly.

Table 1 indicates the current indemnities and (non-taxable) allowances for members in each of the Provinces and Territories as at October, 2003.

TABLE 1

MEMBERS' ANNUAL INDEMNITIES AND EXPENSE ALLOWANCE

Jurisdiction	Indemnity - Taxable	Expense Allowance Non-Taxable
Newfoundland	46,086	23,043
Nova Scotia	33,256	16,628
New Brunswick	40,566	20,283
Quebec	78,886	13,379
Ontario	85,240	Nil
Manitoba	65,535	Nil
Saskatchewan	63,540	5,199
Alberta	43,152	21,576
British Columbia	73,800	Nil
Prince Edward Island	35,967	11,250
NWT	80,145	6,208
Yukon	35,664	17,832
Nunavut	61,800	1,000

Since the preparation of our last report remuneration in the other jurisdictions has increased only marginally, and in British Columbia the Government caucus members have taken a voluntary reduction of $5,000. For example, the percentage increases in Nova Scotia and New Brunswick during the past year were approximately 2% and 2.5% respectively.

Table 2 indicates the current salaries for Cabinet Ministers and the Premier in each of the Provinces and Territories as at October, 2003.

TABLE 2

SALARIES FOR MEMBERS OF CABINET AND

THE LEADER OF THE OPPOSITION

Jurisdiction	Premier (Taxable)	Cabinet Minister (Taxable)
Newfoundland	66,587	48,276
Nova Scotia	55,737	39,709
New Brunswick	54,331	36,222
Quebec	82,830	59,165
Ontario	67,595	38,057
Manitoba	46,397	29,001
Saskatchewan	57,393	40,176
Alberta	67,380	52,956
British Columbia	45,000	39,000
Prince Edward Island	58,871	41,585
Northwest Territories	60,952	42,892
Yukon	28,971	21,147
Nunavut	63,200	53,200

The Leader of the Opposition's salary is the same as a Cabinet Minister's in all Provinces except Ontario where it is approximately 30% higher. Neither the Northwest Territories nor Nunavut has a Leader of the Opposition due to their consensus style of assemblies.

Table 3 indicates the current salaries for Speakers and Deputy Spencers in each of the Provinces and Territories as at October, 2003.

TABLE 3

SALARIES AND ALLOWANCES FOR SPEAKERS AND DEPUTY SPEAKERS

	Speaker	Deputy Speaker
Jurisdiction	**Salary**	**Salary**
Newfoundland	48,276	24,138
Nova Scotia	39,709	19,860
New Brunswick	26,167 + $1,000 Allowance (non-taxable)	8,422 + $250 Allowance (non-taxable)
Quebec	59,165	27,610
Ontario	28,595	12,616
Manitoba	24,360	8,122
Saskatchewan	34,435	11,478
Alberta	52,956	26,484
British Columbia	39,000	19,500
Prince Edward Island	31,186	15,593
Northwest Territories	28,219	5,644
Yukon	7,049	5,287
Nunavut	53,200	6,200

The above salaries are taxable, while the allowance in New Brunswick is non-taxable.

SUMMARY

Compensation Comparison

	Member	Opposition Leader and Cabinet Minister	Premier
Newfoundland	$69,129	$117,405	$135,716
Nova Scotia	49,884	89,593	105,621
New Brunswick	60,849	97,071	115,180
Quebec	92,265	151,430	175,095
Ontario	85,240	123,297	152,835
Manitoba	65,535	94,536	111,932
Saskatchewan	68,739	108,915	126,132
Alberta	64,728	117,684	132,108
British Columbia	73,800	112,800	118,800
Prince Edward Island *	47,688	89,688	107,147
Northwest Territories	86,353	129,245	147,305
Yukon	53,496	74,643	82,467
Nunavut	62,800	116,000	126,000

Average	**67,731**	**100,460**	**125,872**

* The P.E.I. compensation used is the recommended amounts effective April 1, 2004.

Pension Plan

The Commission tabled with its 2001 report the combined plan text for the new pension plan introduced in 1994 and the supplemental plan introduced in 1996. This new plan is indexed at a rate of CPI to a maximum of 8% during the period when the member is on an active or deferred basis. When receiving benefits the indexation is CPI less 2%.

In its 2001 Report, the Commission noted that the previous pension plan, which was closed in 1994, was then indexed at a rate of CPI less 2%, both during the active/deferred basis and benefit period. To ease the administrative burden and to make the accruing benefit rate comparable for both plans, the Commission recommended in its 2001 Report that the previous pension plan, which was closed in 1994, be amended retroactively to July 1, 1994, to match the current plan; that is, CPI to a maximum of 8% while deferred, and CPI less 2% while receiving benefits.

During the past year, the Commission has been considering other aspects of the pension plans in order to harmonize the eligibility and other provisions of the plans. In particular, the Commission has received actuarial and other cost estimates of various changes to the plans, and, based on this information, the Commission recommends that effective as at April 1, 2004, the amount of earnings upon which a Member's pension shall be calculated and based is the total earnings of the Member other than any car or mileage allowance (i.e., the basic indemnity, the annual MLA expense allowance and any salary paid to the Member by reason of an office such as that of a cabinet minister or whip held by the Member). The Commission notes that any pension calculations or entitlements for earnings prior to April 1, 2004 shall not include the annual MLA expense allowance.

Third Party Leader

The Commission's decisions apply only to elected members of the Legislative Assembly. Accordingly, any reference to a Third Party Leader applies only upon his or her election to the Legislative Assembly.

Speaker, Deputy Speaker and Government House Leader

The Commission, as in previous years, has fixed the salary for the Speaker at a level which is 75% of a Cabinet Minister's salary. The Deputy Speaker's salary remains at a level of 50% of the Speaker's salary. Several Provinces fix the Speaker's salary at a level equal to that of a Cabinet Minister and the Commission will be investigating this matter further during the coming year.

The annual salary for the Government House Leader has been adjusted this year to reflect that the position does not allow for remuneration for Executive Council Committee appointment.

Current Year Increase

The Commission is recommending a combined increase of approximately 1.00% for indemnities and allowances, effective at and retroactive to April 1, 2004. This increase is in line with anticipated settlements with certain public service employee groups in the Province. A table summarizing the current amounts to be paid to members is attached as Appendix 2.

Other Matters and Benefits

The Commission has compiled extensive information concerning the amounts to which members of assemblies in other jurisdictions in Canada are entitled for such items as staffing, communications, travel allowances, group, life, health and dental benefits, office facilities, constituency allowances, etc. There is, to say the least, considerable variation across the country as to the type and range of such amounts and benefits.

The Commission will be considering these additional matters in further detail in the years to come. However, as an initial recommendation for the current year, the Commission states that all Members shall be provided the same group benefits for basic life, accident, health and dental as are provided or available to those excluded employees employed by the Government.

SUMMARY OF COMMISSION DECISIONS

1. That the annual indemnity (taxable) (the "indemnity") for Members of the Legislative Assembly shall be $36,326.

2. That the annual (non-taxable) MLA expense allowance (the "allowance") for members of the Legislative Assembly shall be $11,362.

3. That the Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $31,497.

4. That the Deputy Speaker of the Legislative Assembly, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $15,748.

5. That the Premier of the Province, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $59,459.

6. That a Cabinet Minister, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $42,000.

7. That the Leader of the Opposition, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $42,000.

8. That the Government House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $11,356; provided that the Member holding this position is not receiving a salary for any position identified in Section 45(4) of the Legislative Assembly Act, R.S.P.E.I. 1988, Cap. L-7, as amended (the "Act").

9. That the Opposition House Leader, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,975; provided that the Member holding this position is not receiving a salary for any other position identified in Section 45(4) of the Act.

10. That the Government Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,344; provided that the Member holding this position is not receiving a salary as a Cabinet Minister or as a member of an Executive Council Committee or for any other position identified in Section 45(4) of the Act.

11. That the Opposition Whip, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $3,344; provided that the Member holding this position is not receiving a salary for any other position identified in Section 45 (4) of the Act.

12. That a Member (other than a Cabinet Minister) appointed to an Executive Council Committee, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $5,678; provided that the member serving on such Committee is not receiving a salary for any position identified in Section 45(4) of the Act.

13. That the Leader of a Third Party, in addition to the Member's indemnity and allowance, shall receive an annual salary (taxable) of $15,875.

14. That the Premier and Cabinet Ministers shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of their own vehicle.

15. That the Leader of the Opposition shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of his or her own vehicle.

16. That the Speaker of the Legislative Assembly shall be provided with a Government-owned or leased vehicle, or in lieu thereof, an allowance for the use of his or her own vehicle.

17. That Members of the Legislative Assembly, other than the Premier, a Cabinet Minister, the Leader of the Opposition and the Speaker, shall receive a mileage allowance for use of their own vehicles, while attending sessions of the Legislative Assembly, or Committee meetings of the Assembly held on days when the House is not sitting or during the inter-session.

18. That Members receiving the mileage allowance referred to in No. 17 above shall receive such allowance at the prevailing civil service mileage rates and only for those days they attend the sitting of the House or a Committee thereof.

19. That Members shall receive payment, on a claim basis, for up to five (5) trips per month to Charlottetown when the House is not in session.

20. That all Members shall be provided the same group benefits for basic life, accident, health and dental as are provided or available to those excluded employees employed by the Government.

21. That the Member's indemnity, annual MLA expense allowance and any other salary received by a Member on and after April 1, 2004, shall be the pensionable earnings of the Member for purposes of the existing pension plans.

22. That the effective date for implementing the Decisions of this Report shall be April 1, 2004.

APPENDIX 1

Surname	TOTAL EARNINGS	PENSIONABLE EARNINGS	PREMIER SALARY	MINISTER/ OPP. LEADER	EX. COUNCIL COMMITTEE	GOV'T H. LEADER	OPP. H. LEADER	SPEAKER/ DEP. SPK.	GOV'T/OPP. WHIP
	MLA salary of $35,967 + tax free allowance of $11,250 = $47,217)	MLA salary of $35,967 + other salary and excludes tax free allowance)						Deputy receives 1/2 of Speaker)	Entitled to $3,311 unless another position held
ARSENAULT, J.W.	$52,839	$41,589			$5,622				
BAGNALL, J.	$58,461	$47,211			$0	$11,244			
BALLEM, J.	$88,802	$77,552		$41,585					
BINNS, P.	$106,088	$94,838	$58,871						
BROWN, P.	$88,802	$77,552		$41,585					
BERTRAM, C.T.	$47,217	$35,967							
BROWN, R.	$51,153	$39,903					$3,936		
COLLINS, W.	$52,839	$41,589			$5,622				
CURRIE, M.	$88,802	$77,552		$41,585					
DEIGHAN, G.	$78,403	$67,153						$31,186	
DOVER, M.	$88,802	$77,552		$41,585					
DUNN, C.J.	$52,839	$41,589			$5,622				
GILLAN, J.C.	$88,802	$77,552		$41,585					
GHIZ, R.W.J.	$88,802	$77,552		$41,585					
MACADAM, K.	$88,802	$77,552		$41,585					
MACALEER, W.	$52,839	$41,589			$5,622				
MACDONALD, H.M.	$52,839	$41,589			$5,622				
MACDONALD, W.B.	$52,839	$41,589			$5,622				$0
MACFADYEN, E.	$88,802	$77,552		$41,585					
MACKENZIE, E.L.A.	$52,839	$41,589			$5,622				
MACKINLEY, R.W.	$50,528	$39,278							$3,311
MCCARDLE, F.	$52,839	$41,589			$5,622				
MCKENNA, D.	$52,839	$41,589			$5,622				
MOONEY, A.	$62,810	$51,560						$15,593	
MURPHY, M.	$88,802	$77,552		$41,585					
RODGERSON, E.E.	$52,839	$41,589			$5,622				
SHEA, G.A.	$88,802	$77,552		$41,585					

APPENDIX 2

Surname	TOTAL PENSIONABLE EARNINGS (Includes basic MLA salary of $36,326 plus tax free allowance = $47,688, plus other salary)	PREMIER SALARY	MINISTER/ OPP. LEADER	EX. COUNCIL COMMITTEE	GOV'T H. LEADER	OPP. H. LEADER	SPEAKER/ DEP. SPK. (Deputy Speaker receives 1/2 of Speaker)	GOV'T/OPP. WHIP (Entitled to $3,311, unless another position held)
ARSENAULT, J.W.	$53,366			$5,678				
BAGNALL, J.	$59,044			$0	$11,356			
BALLEM, J.	$89,688		$42,000					
BINNS, P.	$107,147	$59,459						
BROWN, P.	$89,688		$42,000					
BERTRAM, C.T.	$47,688							
BROWN, R.	$51,663					$3,975		
COLLINS, W.	$53,366			$5,678				
CURRIE, M.	$89,688		$42,000					
DEIGHAN, G.	$79,185						$31, 497	
DOVER, M.	$89,688		$42,000					
DUNN, C.J.	$53,366			$5,678				
GILLAN, J.C.	$89,688		$42,000					
GHIZ, R.W.J.	$89,688		$42,000					
MACADAM, K.	$89,688		$42,000					
MACALEER, W.	$53,366			$5,678				
MACDONALD, H.M.	$53,366			$5,678				
MACDONALD, W.B.	$53,366			$5,678				$0
MACFADYEN, E.	$89,688		$42,000					
MACKENZIE, E.L.A.	$53,366			$5,678				
MACKINLEY, R.W.	$51,032							$3,344
MCCARDLE, F.	$53,366			$5,678				
MCKENNA, D.	$53,366			$5,678				
MOONEY, A.	$63,436						$15,748	
MURPHY, M.	$89,688		$42,000					
RODGERSON, E.E.	$53,366			$5,678				
SHEA, G.A.	$89,688		$42,000					